

## Highlights:

- The unemployment rate remained unchanged at 5.3 per cent in October
- Ontario's housing starts fell in October by double-digits due to less construction of high-density housing
- Exports increased by 3.1 per cent in September
- Lack of supply continues to affect home sales growth in Toronto

## Ontarians faced deep cuts to private sector full-time employment in October

Ontario's unemployment rate remained unchanged in October over September at 5.3 per cent due to a contraction to both employment (down by 16,200 net jobs) and the labour force (down by 16,600 net workers). While part-time employment increased by 8,000 net jobs in October marking three consecutive months of net gains in this area, full-time employment reported deep cuts of 24,200 net jobs.

Hiring in the public sector increased by 14,200 net jobs and self-employment increased by 4,500 net jobs in October, meaning that both these areas have now posted at least two consecutive months of gains. The private sector on the other hand continued to bleed out jobs to the tune of 34,900 in October, adding to the shedding of 12,100 net jobs in September.

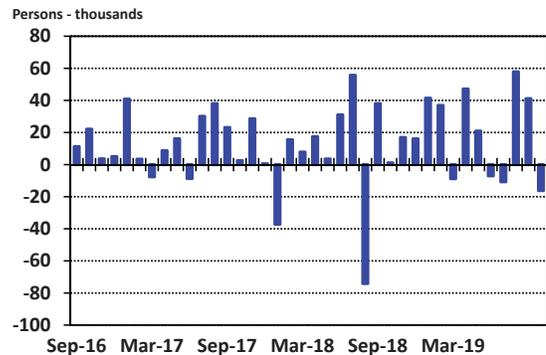
With the exception of Agriculture, which posted 3,500 net jobs gains, the goods-producing sector faced some real headwinds in October, shedding 22,500 net jobs. The key areas in this sector which posted job losses were:

- Manufacturing (17,500 net job losses)
- Construction (7,400 net job losses)

The service-producing sector as a whole did much better, adding 6,300 net jobs to the economy in large part due to very strong gains in finance; insurance; real estate and leasing, which added 14,800 net new jobs and offset job losses in the following key areas:

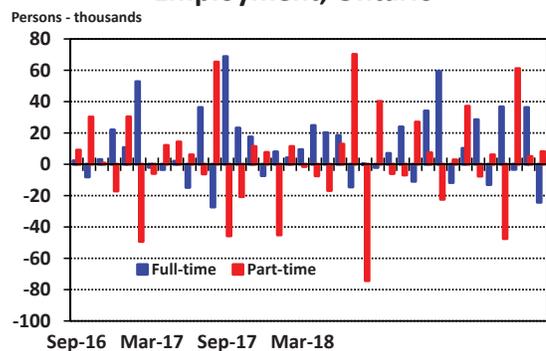
- Health care and social assistance (9,400 net job losses)

## Change in Employment, Ontario



Source: Statistics Canada, Central 1 Credit Union. Latest: Oct.-19  
Changes shown here are month to month

## Change in Full-time and Part-time Employment, Ontario



Source: Statistics Canada, Central 1 Credit Union. Latest: Oct.-19  
Changes shown here are month to month

- Accommodation and food services (6,200 net job losses)
- Business building and other support services (2,700 net job losses)
- Transportation and warehousing (2,000 net job losses)

Services continue to be supported largely by strong population growth, but trade-related concerns are seeping into the goods-sector and business investment decisions. Easing trade tensions between China and the U.S. would go a long way towards turning around the fortunes of several trade-sensitive sectors.

## Ontario's housing starts declined by 15.7 per cent in October

After posting four consecutive months of growth from June to September, Ontario's housing starts declined in October by 15.7 per cent to 71,751 units. In addition,

year-to-date housing starts are down 11.7 per cent from last year, coming in at 70,257 units.

In urban centres, housing starts also contracted in October, falling by 16.4 per cent to 70,496 units. There were contractions across all housing types but particularly strong declines to semi-detached homes (down 11.7 per cent), townhomes (down 33.0 per cent), and condo apartments (down 18.1 per cent). Single-detached construction remained nearly unchanged, falling only 0.2 per cent. Over the first ten months of the year, housing starts in urban centres are down 10.2 per cent from last year's pace with strong contractions to all housing types except townhomes which remained 23.4 per cent above last year's pace even with October's strong decline in construction activity.

Housing starts in the Toronto Census Metropolitan Area (CMA) fell by 1.3 per cent with several other large markets also posting weaker starts numbers. Of all the CMAs in Ontario, only Hamilton, Greater Sudbury, Peterborough, and Thunder Bay posted month-over-month gains in October.

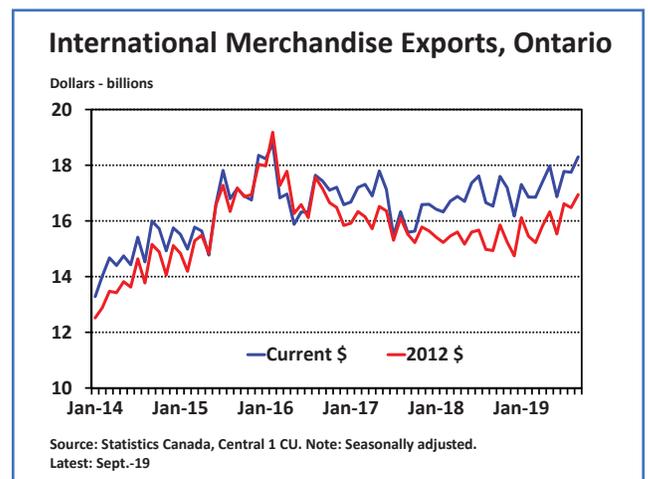
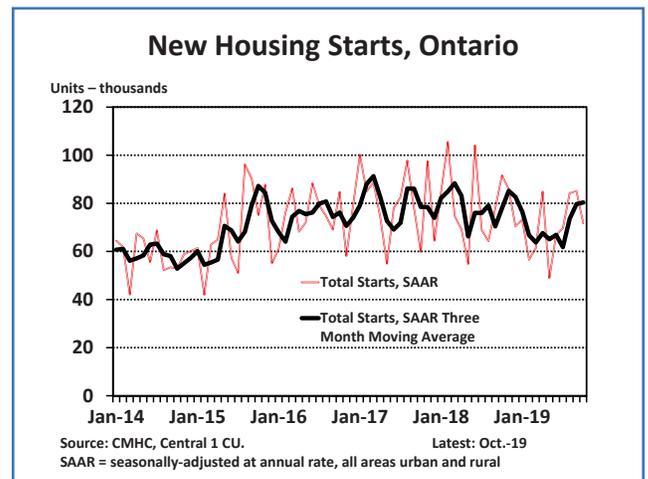
The average and median contract prices for a new single-detached home in Ontario have continued sliding in October, losing an additional 2.5 per cent and 1.1 per cent respectively. With October's drop in value, this marks five consecutive months of sliding prices.

A significant backlog of units still under construction surely continues to weigh on new projects breaking ground but increased consumer caution is also affecting housing demand as sustained economic uncertainty is keeping many potential buyers from feeling comfortable enough to make a big-ticket purchase such as a new home.

### Exports roared back to life driven up largely by growth in a few key sectors

Ontario's exports roared back to life in September, moving up 3.1 per cent over August to \$18.3 billion after almost no change the previous month. Such was the growth in exports that they outpaced import growth by nearly a three-to-one ratio in September. Imports moved up by 1.4 per cent to \$30.3 billion. Very strong exports growth meant that the trade deficit narrowed.

Over the first nine months of 2019 we've seen exports mostly outpace last year's growth. Notably, since about June, exports have been on a stronger upward trajectory than at the same time any of the previous



two years. Year-to-date, exports remained 3.9 per cent above last year's pace while imports remained 3.2 per cent above last year's pace.

Despite metal and non-metallic mineral products posting a deep decline in September (down 7.7 per cent, mostly on lower gold exports), Ontario's exports were lifted in all other areas, with a 1.4 per cent growth to motor vehicle and parts exports and an 18.6 per cent increase to consumer goods. Industrial machinery, equipment, and parts exports also climbed 1.3 per cent and, rounding things out, aircraft and other transportation equipment and parts exports increased 35.2 per cent.

Exports of other transportation equipment and parts almost doubled, driven largely by higher exports of other transportation equipment to Saudi Arabia.

After two consecutive monthly increases, exports of refined gold fell in September, largely offsetting all the gains in July and August. This decrease was partially offset by higher exports of articles of gold, a similar product classified under miscellaneous goods and supplies in the consumer goods section.

## Fewer listings affected purchase options dampening sales

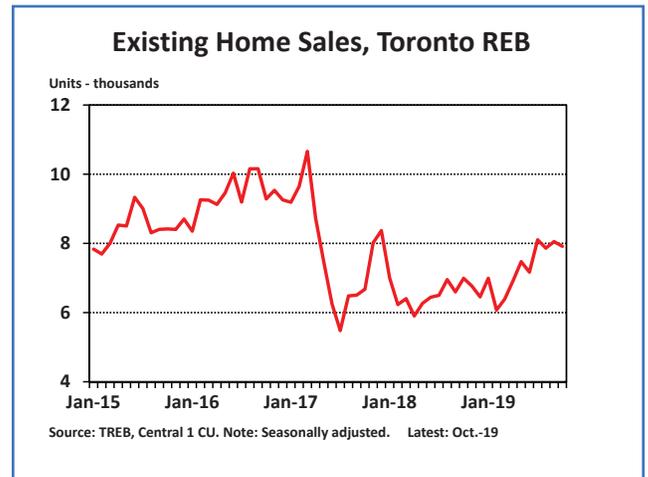
Existing home sales slipped in Toronto in October over September by 1.7 per cent after posting 2.4 per cent growth in the previous month, according to the latest data from the Toronto Real Estate Board (TREB). Year-to-date sales remained 11.7 per cent above last year's pace in spite of the contraction of month-over-month sales in October. Year-to-date sales have stayed above pace due to stronger activity year-over-year since March, which has slowly eclipsed the monthly pace of the last two years. Home sales activity is not where it was before the policy shocks of 2017 and 2018 but it is slowly returning back to that trend.

Supply in the market remains sluggish. New listings fell 5.5 per cent in October and over the first ten months of the year are 0.6 per cent below last year's pace. A very likely reason for the sluggish growth in new listings is modest price growth. October's average existing homes price was nearly unchanged, moving up only 0.3 per cent to \$847,693. Over the first ten months of the year, prices are only 3.3 per cent above last year's pace due to stronger year-over-year growth in the second half of the year.

A stronger pull-back in supply relative to the contraction in sales tightened the market with the sales-to-new-listings-ratio (SNLR) moving up to 63.4 per cent in October from 60.9 per cent in September. The average days on the market remained lower than last year over the first 10 months of the year. With less supply on the market, any potential buyers still looking for a home pounced quickly on a listing that satisfies their criteria and budget.

Despite declines in mortgage rates that are typically supportive of home ownership and employment and wage growth, stubbornly high posted mortgage rates, which form the basis for the Federal stress test, have continued to dampen sales activity. Many potential buyers are unable to qualify and those who do qualify are approved for their less-than-optimum-mortgage-loan-amount. With less available money to purchase a home and relatively high home prices in Toronto, especially in the 416-area code, higher-density housing continues to be the first-choice option for many.

Owners of low-rise housing are aware of this and continue to hold out from posting their homes for sale. Instead, townhomes and condo apartments continued to do brisk business as evidenced by TERB's constant-quality price index which shows these housing



types have continued to increase while the rate of price index growth for single-detached homes has slowed.

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